
COUNCIL ON EFFICIENT OPERATIONS



"Bearing Down on Efficient Public Service"

.....

ANNUAL REPORT

September 30, 2001

Lieutenant Governor Joe Maxwell, Chair

Table of Contents

About the CEO

Challenge

Compare and Consult

Compete

Collaborate

Criteria

Conclusion

Office of the Lieutenant Governor

Joe Maxwell

Council on Efficient Operations

State Capitol, Room 121; Jefferson City, MO 65101

Telephone (573) 751-7084 Fax (573) 751-9612

cgrazier@mail.state.mo.us

<http://www.state.mo.us/lsgov/homepg.htm>

About the CEO

Improving the effectiveness and efficiency of state government was at the forefront of the late Governor Mel Carnahan's administration. In 1993, he created the Commission on Management and Productivity (COMAP) to assess the state's strengths and weaknesses and to institute reform. By working with public and private sector experts, the commission identified some 50 improvement projects that led to \$5 million in annual savings and many times that in long-term savings.

While COMAP realized substantial savings and improvements, Governor Carnahan also recognized the need to **continuously** improve state government. In response to this need, Governor Carnahan appointed the Council on Efficient Operations (CEO) in 1995. The goal of the CEO was to develop programs that would provide governmental services in an effective, efficient and economical manner to the citizens of the state of Missouri.

The 1995 implementation order charged the council with creating "an ongoing process to identify, select, and pursue consolidation, privatization, effectiveness, and efficiency improvement opportunities in state government functions and processes." Lt. Governor Roger B. Wilson chaired the original CEO as it sought to fulfill its charge by implementing programs that would effect cost savings and provide better support for Missouri's citizens.

On December 29, 2000, Governor Roger Wilson signed Executive Order 00-23, which renewed the Council on Efficient Operations.

After his inauguration Governor Bob Holden confirmed his aspiration to deliver to the citizens of Missouri governmental services of higher quality, with greater efficiency and effectiveness, and at lower costs. Governor Holden requested that Lt. Governor Joe Maxwell lead the charge in continuing the CEO promise in ensuring that the state's limited resources are spent on efficient and effective programs that address critical priorities.

By reviewing state policies, programs, and operations, the CEO has developed proposals that are rightsizing state government, providing additional value to taxpayers, and cutting red tape. In the past, over 30 efficiency opportunities were identified. And it is certain that more are to come.

Results of the CEO's past work can be seen in dollar savings and process improvements. And, the CEO of the new millennium will continue the commitment to develop a state government that not only does things right, but do the right things.

Lt. Governor Maxwell is rejuvenating the charge of the Council on Efficient Operations by placing focus on those problems that are directly affecting Missouri's most vulnerable

citizens, the children and the seniors. CEO will now focus on improving both the efficiency and effectiveness of public services. It will look to eliminate wasteful duplication of services by multiple state agencies and will enhance public/private sector collaborations to reduce overall costs of services.

CEO will recommend waiver of administrative rules, propose legislative changes to endeavor to streamline the process for cooperation between agencies, thereby capitalizing on economic of scale in the delivery of public services.

Effective, Efficient, and Quality

The terms effective, efficient, and quality are often used by the public sector to describe desired outcomes. It is government's duty to provide quality good and services, which means providing effective products that meet customer needs. At the same time, government is responsible for producing and delivering those products efficiently. To meet these goals the CEO will:

- **Encourage a whole systems approach.** The CEO will put the focus on assessing improvements in the effectiveness and value for money of a whole system. For example, for services to Missouri's senior citizens, examine the entire system of services, not just the constituent parts. This is the idea behind our endorsement of the current movement toward Aging In Place, and the "one-stop" shop approach to providing senior services.
- **Move from counting what goes in, to assessing what is being delivered.** The CEO will determine what is being achieved with the money spent. The targets for government Departments, as far as possible, are expressed either in terms of the end results or service standards, and will work to develop measures for all levels of government which support this approach.
- **Intervene in inverse proportion to success.** The CEO will take action where standards slip. But where services deliver necessary results the CEO will encourage greater freedom to innovate. The CEO will also encourage legislative and administrative rules changes to encourage successful delivery of services to Missourians.
- **Use the right information at the right level.** The CEO will encourage state agencies to use performance measures to monitor and improve their organizations. And CEO will encourage the use of new technology to take a more streamlined approach to managing information in the public sector.

The CEO is committed to achieving **continuous improvement in Missouri's government policymaking and service delivery**. To achieve this we have devised five principles: **challenge, compare and consult, compete, and collaborate**. We will use these to build on this best value approach to state government and complement the existing programs used by each of the state agencies.

Challenge

Article 1, Section 2 of the Missouri Constitution states, “All constitutional government is intended to promote the general welfare of the people; that all persons have a natural right to life, liberty, the pursuit of happiness and the enjoyment of the gains of their own industry; that all persons are created and are entitled to equal rights and opportunity under the law; that to give security to these things is the principle office of government, and that when government does not confer this security, it fails in its chief design.”

2001 has brought many changes to the state of Missouri. Budget cutbacks, increased need, and expanding populations present the public sector with difficult decisions. To meet these challenges, Missouri is streamlining its government by better understanding its citizen customers’ needs, asking fundamental questions, involving employees, and developing methods to continuously improve the services offered.

Compare and Consult

CEO believes that the problems the different state agencies are facing aren’t very different. Most struggle with the same issues: reducing the number of measures, validating and verifying data, establishing accountability and responsibility without being punitive, and—most importantly—trying to balance achievement of the organization’s mission with the needs of customer, stakeholder, and employee. In many cases, merely defining the customer is an obstacle. Public or private, federal, state, or local, there are common problems—and common answers—in many areas.

One of our key goals is to ensure that when the customer comes into contact with multiple state agencies, that the agencies “speak the same language, and say the same thing.” Too often, the Office of Lieutenant Governor receives constituent complaints about inconsistent messages from one department to the next. CEO will focus on working with state departments and agencies – many of which evolved without much interaction with other agencies – to provide consistent, compatible information.

Case in point: CEO has been working to ensure that when smaller Missouri municipalities attempt to establish a water or sewer system, the Missouri Department of Natural Resources,

Department of Economic Development, Department of Agriculture, and various federal agencies are working together to ensure less confusion at the customer level.

Benchmarking: Benchmarking — studying and adapting the best practices of others — can be a truly valuable tool. Benchmarking should not be viewed as a one-time measurement, but a tool for continuous improvement. Benchmarking provides a disciplined way of undertaking joint efforts to **compare** best practices across agencies that may have very similar types of internal business processes, customers, or employee interactions.

As agencies wrestle with different ways to apply balanced measures in their own organizations, comparing practices with others could be very beneficial to all involved. Benchmarking provides a mechanism for a type of mutual selection process for partners to compare and advance their own individual capacities — and to advance the community of practice.

The benchmarking process has three components: measurement, analysis and change.

- First and foremost, benchmarking involves externally focused measurement. Identify the scope of the benchmarking effort, pinpoint the appropriate and specific performance drivers to be measured, and, finally, target the external organization (or internal division) to benchmark. Based on input from internal staff on what information is desired, a questionnaire is developed and benchmarking interviews are conducted.
 - Once the measurement phase is completed, the resulting data must be analyzed and contrasted. Based on the results, goals are established and an action plan for change is developed.
 - An effective benchmarking process is one that continuously monitors programs, recalibrates benchmarks and follows through with appropriate change. Measure, analyze, and change. The process is ongoing, and so are the rewards.
-

The New Public Sector Reality
1. Emphasis is place on the process of improvement. If it's not broken, make it better.
2. Cultivation of changing stakeholders and constituencies is most important.
3. Identify the best practices that enhance and exceed customer expectations. Seek out opportunities for improvement and value added.
4. Focus on specific, critical success factors: roles, processes and strategic issues that can be enhanced or improved.
5. Embrace the future. Generate action, improvement, enhancement and value of the organization to its stakeholders. Rely on facts and information.

Compete

People make things happen. Equipment, processes, and intellectual property are leveraged not by their inherent capability but by the actions of human beings. Employee skill, knowledge, and motivation generate the incremental values that lie within the potential of organizational assets. Management provides the structural capital at the best cost possible. Employees give life to that capital and create value through interaction with coworkers and outside stakeholders. Therefore, people need to think about **competition** as a process of shaping the evolution of new space, rather than competing within existing space. *All of those new perspectives have to take root, because you cannot create the future using the old strategy tools.*

Case in point: CEO has begun a program to highlight the things that state government is doing right. For example, the lieutenant governor has spotlighted the fact that over the past few years, the Fletcher Daniels' State Office Building in Kansas City has consistently found ways to operate with more energy efficiency. Not only that, but the building's maintenance team has poured the energy savings back into the building to create even more savings...and a better, more productive work environment.

Collaborate

Shared experience and resources plus mutual commitment among agencies and levels of government, between the public and private sectors, and between government and citizens is the most effective way to achieve result in which all have a stake.

The CEO will work for effective solutions through extensive interaction and dialogue among principal institutions of society.

Case in point: CEO is working with the DNR Energy Center, Missouri's Community Action Agencies, and the private sector to increase the number of weatherized homes for senior citizens on fixed incomes.

Criteria

CEO will choose projects that illustrate systemic problems in the state government to further its goal of improving public policy and delivery of services. CEO will focus on projects that:

- Have the commitment of leadership to implement solutions and to follow through with measurable results;
- Will provide improved results in the public's best interest;
- Will provide an opportunity to develop partnerships among agencies, levels of government and with private sector institutions.

It is the expectation of CEO to lead to changes in such areas as services to Missouri's seniors, improvement of health care services available in Missouri and enhancing the early childhood educational opportunities in Missouri.

Conclusion

Improving any organization is difficult – regardless of size, structure, private or public. Still, Missouri government has proven its willingness and readiness to change. The CEO's activities will now turn to more than just saving taxpayer dollars – it will make sure Missouri government works for the people of the state of Missouri.

Lt. Governor Joe Maxwell looks forward to the naming of the new members of the Council on Efficient Operations which will comprised of private sector executives, elected officials, and state senior managers. Under his direction the CEO will provide a forum for public-private partnership in reviewing state operations, developing recommendations for improvement, and implementing changes.

CEO will review specific challenges facing various departments, will compare and consult to determine methods to improve the service delivery of those departments, will encourage competition between agencies to solve problems, and collaborate with state agencies, and various levels of government and with public and private sectors to achieve results recommend waiver of administrative rules, propose legislative changes to endeavor to streamline the process for cooperation between agencies, thereby capitalizing on economic of scale in the delivery of public services to assist in the creation of public organizations and systems that consistently innovate and continually improve their quality, increase their effectiveness, efficiency, and adaptability.

The CEO is committed to achieving continuous improvement in Missouri's government policymaking and service delivery. To achieve this the CEO will follow the five principles: challenge, compare and consult, compete, and collaborate explained above. The CEO will use these principles to build a best value approach to state government and complement the existing programs. The CEO will work for effective solutions through extensive interaction and dialogue among both private and public institutions.
